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BASIC PRINCIPLES OF OPERATIONAL ACCOUNTING FOR FOREIGN TRADE
TRANSACTIONS OF COUNTRIES PARTICIPATING IN THE CEMA

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A. Introduction

The basic principles applicable in operational accounting for foreign trade transactions were established in accordance with the wishes and practical experiences of the countries participating in the CEMA (Council for Economic Mutual Assistance). Establishment of these basic principles was a direct consequence of the necessity for assuring the comparability of data on the fulfillment of foreign trade agreements concluded between the countries participating in the CEMA. These principles were also designed to facilitate the exchange of information regarding fulfillment of these agreements.

Operational accounting for foreign trade transactions, like bookkeeping and customs statistics, is organized and utilized as a system of accounting on the national level by the governmental agency which directs foreign trade and serves as a means of supervising the fulfillment of international agreements on goods exchange, of the state plan, and of the plan for goods imports and exports.

Operational accounting, bookkeeping, and customs statistics are closely related, but one cannot be substituted for the other; they are complementary. It is in the nature of operational accounting that through it, reports on the overall fulfillment of foreign trade operations can be obtained much more quickly.

Operational accounting is the quick, systematic recording and statistical utilization of documented data on the progress of foreign trade operations, particularly data on the conclusion of treaties, on loading of export goods, on acceptance of import goods and their transshipment, and on goods crossing national borders.

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Besides trade, transportation, and other documents, operational accounting makes use of telegraphic and mail reports of the enterprises which load the goods for export, reports of customs offices, reports of transportation organizations, reports of the foreign trade organizations of foreign countries and reports of foreign enterprises, reports of representatives of foreign trade organizations in the seller's country or in foreign countries, etc.

The foreign trade organizations compile the information gathered through operational accounting into periodic operational reports on the fulfillment of the plans and plan orders for imports and exports of goods, on deliveries of goods for export by industry, on deliveries of imported goods to the national economy, etc.

The data from the operational reports of the foreign trade organizations is used in the consolidated over-all reports for the total foreign trade of a given country.

The general rules for operational accounting and reporting by the foreign trade organizations are laid down by the appropriate governmental agency, which, for that purpose, draws up the necessary instructions for the foreign trade organizations. The governmental agency also checks on compliance with the instructions for operational accounting and reporting by the foreign trade organizations, furnishes instructions to those who execute the accounting and reporting procedures, checks on the correctness of the lists submitted and on the reliability of the report data, and investigates methods for improving organization, form, and methodology of accounting and reporting.

The blanks for submitting reports, the period covered by the reports, and the target dates for submitting the reports are to be determined by the government, in line with requirements arising in connection with the operational management of foreign trade organizations and the running supervision of their activities. The period covered by the report is usually one calendar month. If need be, the period for exports and imports of individual goods covered by the report may be shortened.

The pertinent regulations and the forms for operational accounting, for reporting, and for statistical data are to be drawn up according to the special circumstances of the country concerned.

B. General Information on Accounting Procedures for Imports and Exports

1. Quantities, prices, and values of exported or imported goods are included in the operational accounting report according to the data supplied by the trade documents (contracts, invoices, waybills, acceptance and transfer documents, etc.) and the reports of representatives and suppliers.

The net weight is used in accounting for goods according to weight. Goods which are delivered "gross for net" are also reported according to their net weight. If prices for goods are omitted in a barter contract, the value of the goods will be determined on the basis of the prevailing world market prices at the time the contract is concluded.

2. Reports on fulfillment of agreements concluded with other countries for deliveries of goods are submitted for the calendar year (report year) of the validity of the agreement. In addition, reports on the fulfillment of long-term agreements or agreements of more than one calendar year's duration are also submitted (separately) from the start of the agreement's validity up to and including the report year.

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3. Goods shipped before the conclusion of the annual agreement are reported separately; after the conclusion of the agreement the data on the advance deliveries of goods is to be included in the over-all reports on the fulfillment of the agreement.

Deliveries of goods which were made during the report year for balances from obligations accepted during previous years are reported separately.

4. Data on goods the delivery of which is considered complete according to the terms of the contract is included in the over-all reports on the fulfillment of agreements for deliveries of goods.

5. The value of goods and the costs of transportation and other services which were performed either for the other country (export) or by the other country (import) are included in the accounting report on the fulfillment of those agreements which provide for a combined accounting for goods and transportation and other services.

6. Data on operational accounting of foreign trade is also used to determine the over-all fulfillment of exports and imports of a country.

Total exports of a country equal the value of goods exported, i.e., the goods which crossed the national borders (actual prices FOB [ship] or freight paid to the border of the seller's country). The date on which the goods cross the national border of the seller's country is the export date: for ocean-going and river transportation, the date of the sea bill of lading; for railroad and truck transportation, the date on which the goods cross the national border of the seller's country; for air transportation, the date of the aircraft's departure.

Similarly, a country's total imports are determined from the value of the goods imported from other countries across the national border of the purchaser's country (according to purchase prices FOB [ship] or freight paid to the seller's border point). The date on which imported goods cross the national border of the purchaser's country is used in determining import dates: for ocean-going and river transportation, the date of the ship's arrival in the harbor of the purchaser's country; for rail and truck transportation, the date on which the goods cross the border of the purchaser's country; for air transportation, the date of arrival of the aircraft in the purchaser's country. The export or import date of a ship is the date on which the flag of the purchaser's country is raised.

Total exports and imports of a country also include the value of the goods purchased by foreign trade organizations in foreign countries and sold to other countries without actually being imported into the country of the first purchaser. The data on such deliveries of goods are tabulated under an item called "of the above figure"; if need be, the names of the countries from which the goods are purchased or to which they are sold are also given.

To facilitate settlement of contracts, it is advisable to set up a code system in which every contract is assigned a definite code number which incorporates the most important characteristics of the contract, as follows:

1. Name of the foreign trade organization
2. Year in which contract was concluded
3. Country of the purchaser or seller
4. Identification of the agreement
5. Consecutive number of the contract

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C. List of Reports Dealing with Exports

1. Report on sales contracts concluded (export)
2. Report of enterprises on shipment of export goods
3. Report on export goods which arrive in a country's harbor (for export)
4. Report on shipment of export goods across a national border (railroad, truck)
5. Report on loading of export goods at a country's harbor (for export)

D. List of Reports Dealing with Imports

1. Report on purchase contracts concluded (import)
2. Report of the representatives of foreign trade organizations in foreign countries on acceptance of import goods
3. Report on dispatch of import goods from the seller's country
4. Report on shipment of imported goods across the national border of the purchaser's country
5. Report on ships which arrive at a country's port with imported goods
6. Reports on dispatch of imported goods from a country's ports and border points to the final recipients of the goods

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1. Report on goods deliveries for export
2. Report on agreements and contracts for export of goods
3. Report on exported goods which are in transit or goods in stock (ready for delivery)
4. Report on the fulfillment of agreements and contracts for imported goods
5. Report on distribution of imported goods to the national economy
6. Report on imported goods which are in transit or have been received at their destination.
7. Report on the progress of contracts for imports and exports of goods according to agreements concluded with other countries for deliveries of goods
8. Report on prices of goods
9. Report on exports of goods
10. Report on imports of goods.]

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